

**SUBJECT:                   Office of Community Development Limits Approval of Homeowner Labor to a Case-By-Case Basis  
Policy Bulletin #15**

**EFFECTIVE DATE:   October 6, 2004**

Grantees have had numerous problems allowing homeowners (including landlords) to perform rehabilitation work on their own properties, using grant funds to pay for materials. These problems have included work of unacceptable quality, delays in completions, and difficulty enforcing remedial actions. Due to the frequency of these problems, homeowner labor has not been permitted with CDBG funds since 1994, nor has it generally been permitted with HOME funds.

With this policy bulletin, the Office of Community Development is limiting approval of homeowner labor to a case-by-case basis.

Homeowners (including landlords) can be permitted to provide labor on an OCD funded project only when the MSHDA Grantee can demonstrate all of the following:

1. The Program specifically recites the rehabilitation duties of the homeowner and the timelines for completion of tasks;
2. That homeowner labor is an intrinsic part of its entire housing program; and
3. A successful track record of producing quality housing units in a timely manner using this approach. Approved Habitat for Humanity projects would be examples of the type of program that meets this criteria.

#### **Homeowner labor and “other” funds in the project**

OCD considers a project as “work required for the property to meet local building standards and/or HUD Minimum Housing Quality Standards (HQS)” . When there are non-OCD funds in a project including any OCD required owner match, these funds are also subject to this restriction on homeowner labor.

Generally, all projects funded completely or partially with OCD funds must be completed by a properly licensed and qualified contractor. Any allowance for homeowner labor as outlined in this policy must receive prior approval from your Community Development (CD) Specialist.

Should you have any questions regarding this policy, contact your CD Specialist or CD staff at (517) 373-1974.